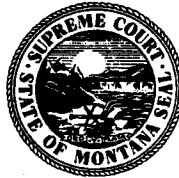


EXHIBIT 7
DATE 3-21-07
HB 3

The Supreme Court of Montana
Office of Court Administrator

Lois Menzies
Court Administrator
e-mail: lmenzies@mt.gov



301 South Park Avenue, Room 328
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TO: Members of the House Appropriations
FROM: Lois Menzies, Court Administrator
DATE: March 21, 2007
SUBJECT: Additional Information on HB 3

The following is additional information to assist you in your deliberations regarding the Judicial Branch's supplemental appropriation request contained in HB 3.

- The Judicial Branch is seeking a supplemental appropriation to cover variable costs for District Court operations for this fiscal year.
- Variable costs include such items as criminal and civil jury costs (juror fees, meals, mileage), transcripts fees, contracted court reporters fees, guardian ad litem fees, witness fees and travel. Until July 1, 2006, it also included indigent defense costs.
- Last fiscal year, Judicial Branch moved \$2.5 million forward from its FY 2007 appropriation to cover variable expenses in FY 2006. In FY 2006, actual expenditures for variable costs totaled approximately \$14.3 million. The attached spreadsheet breaks down these expenditures by expenditure type.
- The Judicial Branch is requesting \$2.5 million to backfill for amount that was moved forward to FY 2006 from its FY 2007 appropriation to meet its statutory obligations to pay for District Court variable expenses. Without this supplemental appropriation, the Branch will be forced to reduce personal services through staff layoffs, which will severely disrupt the ability of the courts to provide constitutionally mandated services to the people of Montana.
- The Branch estimates that approximately \$800,000 of the requested supplemental appropriation will be paid to the Department of Health and Human Services (DPHHS) for the cost of treatment for defendants who have been found unfit to proceed in criminal cases. Because the DPHHS is funded through the general fund to provide these services at Montana State Hospital, this \$800,000 will be returned to the general fund. *Therefore, the net impact on the general fund of Judicial Branch's supplemental request is estimated to be \$1.7 million.* This session, the Judicial Branch has joined the DPHHS in supporting legislation (SB 124) to eliminate this general fund shuffle of money between agencies.

Thank you for your consideration of our request. If I can provide any additional information, please let me know.

Judicial Branch
FY06 Variable Cost Actual Expenses
MCA 3-5-901

<u>Category of Expense</u>	<u>Total FY06 Actual Cost</u>
Criminal Jury Costs	\$288,928.58
Civil Jury Costs	\$133,299.02
CASA Abuse & Neglect Cases	\$116,000.00
District Court Travel	\$131,093.19
Court Reporting Contracts	\$145,534.54
Guardian Ad Litem	\$1,060,148.38
Court Ordered Evaluations	\$1,009,294.98
Transcripts	\$179,255.41
Witness Costs	\$376,104.26
Public Defender Office Costs	\$3,680,950.90
Public Defender Contracts	\$267,045.14
Public Defender Appointed	\$6,556,042.63
Private Investigators	\$426,624.81
Dissolution of Marriage Classes	\$2,290.89
Total FY06 Variable Costs	\$14,372,612.73
FY06 Appropriation	<u>\$11,236,634.00</u>
Shortfall	-\$3,135,978.73
Mitigation from other Judicial Branch Funds	<u>\$636,300.00</u>
Total Supplemental	<u>-\$2,499,678.73</u>

**DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES**



BRIAN SCHWEITZER
GOVERNOR

JOAN MILES
DIRECTOR


STATE OF MONTANA

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March 21, 2007

To: Representative Bill Glaser
Montana House of Representatives

From: 
John Chappuis, Deputy Director
DPHHS

Subject: Additional explanation for DPHHS supplemental needs in HB 3

At your request I am providing this information to further explain and summarize our needs for a supplemental appropriation as requested in HB3. I have provided you with the Department's budget status report which details each appropriation and expenditure at second level. The following information provides specific reasons for the items in our supplemental request.

1.	Federal cost shifts due to shifts in the matching percentages to Medicaid and in Child Support Enforcement programs resulted in a general fund shortfall. The federal medical assistance percentage for Medicaid fell below the budgeted 70% level to 69.21% accounting for over \$6 million of this cost shift. This change is based on economic conditions in Montana as compared to the nation as a whole and cannot be accurately forecasted over 1 year in advance. Similar percentage changes also affect the child support enforcement division and overall administrative funding characteristics.	\$ 8,070,002
2.	Another Federal cost shift relative to the federal deficit reduction act removed federal funding for targeted case management functions for child protective services workers in the Child and Family Services Division. The Department had gained approval for this funding in 2003 and had no reason to believe that this funding would not be available in 2007.	\$ 900,000
3.	The personal services budget was affected by an increase of 36 FTE and salary increases for nurses, psychiatrists, and a few other specialties at the Montana State Hospital (MSH) in Warm Springs. In FY 2006 the patient census in MSH rose to over 200 persons per day. In fact, the highest daily census level was 217 per day. The Department requested and gained approval from OBPP for 36 modified FTE to provide adequate care for patients at MSH at the higher	

	census level. In addition, MSH was experiencing difficulty in recruiting staff nurses, psychiatrists, and a few other specialties. The Department was given approval to raise salaries for nurses, psychiatrists and some other specialties. The Department considered these actions necessary for appropriate patient treatment and for patient safety. Salary increases were necessary for adequate recruitment and retention of professional level direct care staff in the Deer Lodge valley. When the 2005 legislature adjourned the MSH daily census was within licensed levels with adequate staffing and this need for new staff and an increase in certain staff salaries could not be foreseen.	\$ 4,674,364
4.	The personal services budget was affected by requirements for overtime based on federal survey requirements at the Montana Developmental Center (MDC) in Boulder. In early fy 2006 a federal survey made a finding of "immediate jeopardy" related to client on client incidents which involved staff interventions to assure client safety. The survey recommended that staff who intervene in such an incident be placed on administrative leave during formal investigation of the incident. This forced MDC to incur costs for overtime to temporarily replace the staff person placed on administrative leave. "Immediate jeopardy" designation would result in a loss of both Medicaid and Medicare funding if corrective action, as prescribed, is not implemented. Federal Medicaid funding at MDC totals over \$10 million per year. This could not be foreseen in 2005.	\$ 1,603,291
5.	The personal services budget was affected by the hiring of 11 additional child protective services (CPS) staff in the Child and Family Services Division. In addition, the Department was affected by the resolution of a labor dispute with CPS and APS workers.	\$ 333,634
6.	Net decreases in Medicaid, Child & Family Services Caseloads, and other programs. Many DPHHS programs are affected by the economic conditions in the state. This includes Medicaid which is our largest program. The monthly census in Medicaid has been dropping from a high of over 84,500 to 78,600 now.	(\$ 4,185,055)
7.	Public Health funds were expended for a public health emergency related to a anti-biotic resistant strain of TB and to purchase sufficient stores of tamiflu for Montana should an avian flu emergency develop.	\$ 218,000
8.	The Department reduced administrative expenditures for personal services, supplies, travel, and equipment. The Department delayed all hiring for an additional 30 days, restricted supplies, travel, and equipment to those levels absolutely necessary to the needs of our operations.	(\$ 659,523)
	Total Requested Supplemental	\$ 10,954,714

I am hopeful that the information given to you in the budget status report and in the table as shown above will meet your needs for information related to our supplemental request in HB 3. If you have a need for further information on this request, please let me know and will provide that. Thank you for the opportunity to further explain our need for a supplemental.



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Linda McCulloch
 Superintendent

March 21, 2007

TO: Rep. John Sinrud
 FR: Joan Anderson, Joe Lamson

RE: Explanation of HB 3 Supplemental Request - State Tuition - OPI

The state pays tuition for students placed in state-licensed group homes and foster care by state agencies (DPHHS) and courts. (MCA 20-5-324)

What "line items" will the supplemental be used for?

The supplemental will be used only to pay the state's FY 2007 tuition obligation to school districts, as required by law.

Which districts are eligible for payments?

Districts are entitled to receive tuition payments in FY 2007 if they had students enrolled during FY 2006 who were placed in the district by the state or courts in group homes and foster care. There are 40 districts in 22 counties who are entitled to receive a total of \$539,065 of payments in FY 2007. (A list of obligations known at this date is attached.)

The original appropriation for state tuition payments was \$336,000. At this time, necessary payments total \$539,065, which will require \$203,065 of additional funds. The supplemental request approved to appear in HB 3 by the Governor's Office was \$200,000, which was based on projections earlier this year.

What is the per-student amount of tuition being paid?

The laws set different tuition rates and limits for different situations, so there is no single "per-student" rate.

Rates paid by the state for state/court placements are applied as follows:

- For regular education students, tuition is limited to 20% of the state's per-ANB payment rate. For FY 2006, that was \$873 for grades 1-8 and \$1,117 for high school.
- For students with disabilities, tuition is limited to regular education tuition plus the cost of special education services unique to the student.
- For regular ed students who need programs that exceed average costs, such as therapy for mental or behavioral issues, the cost is limited to the actual cost of services up to \$2500.

Tuition is prorated for the number of days enrolled, compared to the 180 day school year.

What will happen if HB 3 does not pass?

The tuition payments are required by state law, and the obligations eventually must be paid. There is no other source of funding that can legally be used for the payments.

State Tuition Payments Due in FY 2007 -- MCA 20-5-324

3/21/2007

Office of Public Instruction

NOTE: Range of Tuition shows actual high and low amount paid for students, which are prorated payments based on actual days of enrollment.

County	District	# Students	Range of Tuition	Total State Tuition
Carbon	Luther Elem	4	\$143 - \$514	\$1,458
Cascade	Great Falls Elem	2	\$684 - \$873	\$1,557
Cascade	Great Falls HS	18	\$87 - 1117	\$8,773
Custer	Miles City Elem	1	\$7,099	\$7,099
Daniels	Peerless K-12	3	\$145 - \$19,953	\$20,930
Dawson	Dawson Co HS	7	\$19 - \$21,127	\$25,060
Dawson	Glendive Elem	6	\$436 - \$1,011	\$4,125
Deer Lodge	Anaconda Elem	6	\$121 - 502	\$1,923
Deer Lodge	Anaconda HS	6	\$155 - \$248	\$1,191
Fergus	Lewistown Elem	4	\$1,746 - \$2,234	\$8,162
Flathead	Flathead HS	14	\$150 - \$14,070	\$20,663
Flathead	Kalispell Elem	5	\$110 - \$806	\$3,065
Flathead	West Valley Elem	3	\$369 - 873	\$2,115
Gallatin	Bozeman Elem	5	\$81 - \$1,746	\$3,683
Gallatin	Bozeman HS	8	\$81 - \$1,638	\$7,125
Jefferson	Boulder Elem	9	\$453 - \$2,234	\$12,763
Jefferson	Jefferson HS	26	\$99 - \$2,234	\$19,774
Lewis and Clark	Helena Elem	9	\$155 - \$1,116	\$3,826
Lewis and Clark	Helena HS	10	\$167 - \$1,117	\$5,367
McCone	Circle Elem	1	\$2,234	\$2,234
Missoula	Frenchtown K-12	16	\$194 - \$1,117	\$11,317
Missoula	Missoula Elem	11	\$181 - \$2,234	\$10,634
Missoula	Missoula HS	3	\$1,117-\$2,234	\$5,050
Missoula	Target Range Elem	3	\$568 - \$1,117	\$2,558
Park	Park HS	1	\$1,038	\$1,038
Phillips	Whitewater K-12	15	\$403 - \$1,117	\$11,100
Powell	Deer Lodge Elem	16	\$477 - \$13,894	\$136,374
Powell	Powell Co HS	11	\$1,772 - \$10,011	\$91,454
Prairie	Terry K-12	1	\$242	\$242
Richland	Sidney Elem	1	\$341	\$341
Richland	Sidney HS	1	\$1,286	\$1,287
Roosevelt	Wolf Point Elem	3	\$873 - \$1,117	\$3,107
Roosevelt	Wolf Point HS	1	\$1,117	\$1,117
Sanders	Thompson Falls Elem	4	\$873 - \$11,529	\$35,460
Sanders	Thompson Falls HS	1	\$1,117	\$1,117
Silver Bow	Butte Elem	3	\$454 - \$1,117	\$2,024
Silver Bow	Butte HS	9	\$201-2264	\$12,168
Yellowstone	Billings Elem	14	\$322 - \$2,234	\$14,567
Yellowstone	Billings HS	31	\$180 - \$2,234	\$25,474
Yellowstone	Lockwood Elem	9	\$232 - \$1,377	\$11,743
		301		\$539,065

Dept of Transportation

Non-recovered fuel costs Expenditure 62216 - Unleaded Fuel

FY2006			FY2007		
Projected	Actual	Deficiency	Projected	Projected Actual	Deficiency
\$ 906,013	\$ 1,481,100	\$ (575,087)	\$ 906,013	\$ 1,663,519	\$ (757,506)
Total		\$ (1,332,593)			

If HB 3 does not pass the legislative session the Motor Pool program will be forced to recalculate the rates to recover the 1.3 million in the 2009 biennium. The increase would be approximately \$.23 per assigned hour for each year of the biennium.